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SUBJECT: BRAZIL'S STRATEGIC PLANNING MINISTER ON BUILDING BLOCKS
FOR AN ENHANCED RELATIONSHIP

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1. (SBU) SUMMARY. Following on his early January trip to Washington, Brazilian Strategic Planning Minister Roberto Mangabeira Unger laid out the elements for a broader, more robust bilateral relationship with the Obama Administration. These include cooperation in the areas of defense security, biofuels and climate change, responding to the financial crisis in a more expansive manner, education, and supporting small and medium-size enterprises.

Overall, Unger voiced the view that the United States and Brazil are friends and should now look for ways to strengthen their relationship. He has recommended to President Lula that the Government of Brazil (GOB) take the initiative in seeking to construct this new, stronger bilateral relationship as soon as possible. END SUMMARY

2. (SBU) On January 21, Unger outlined for Ambassador Sobel his views on enhancing the bilateral relationship between the United States and Brazil. Unger, who is also a Harvard law professor and was an instructor for President Obama when he studied there, stressed his view that the United States is a friend of Brazil and that there should be closer relations between the two countries. He envisioned greater cooperation based on the following building blocks:

-- Defense and Security Cooperation. Unger saw good prospects for joint research and joint manufacturing in this field. Further, he thought there was room for an exchange of people and ideas between the two governments. He had discussed this theme with Admiral Stavridis of Southern Command and Richard Danzig. (NOTE: Unger said that sale of the F-18 was raised in every meeting he held in Washington, but he publicly stated following his trip to Washington that he does not believe the aircraft purchase is the best way for Brazil to pursue a defense technology partnership with the United States. END NOTE.)

-- Biofuels and Climate Change. The United States and Brazil are the two leading countries in the world in producing and consuming biofuels. Unger suggested working together to make biofuels a world commodity. For the longer term, he advocated increased joint research on the next generation of biofuels. When asked about cooperation revolving around deforestation under the topic of climate change, Unger demurred. He replied that he didn't see this as a focal point for enhanced cooperation. (COMMENT: Unger has responsibility for overseeing the government's Sustainable Amazon Plan, which seeks to promote sustainable development for the 20 million inhabitants of the Brazilian Amazon region. Massive, ongoing deforestation accounts for the vast majority of Brazil's greenhouse gas emissions and puts Brazil in the ranks of the top ten emitters. The GOB is extremely sensitive about its inability, up to now to stem deforestation and concerned that the United States might, along with other countries, use this as justification to interfere in Brazil's sovereign management of the Amazon. Views

within the GOB and broader Brazilian society vary enormously with regard to how best to address deforestation, which probably explains Unger's stance that it is not ripe for cooperation. Nonetheless, possibilities for cooperation do exist. In a conversation earlier the same day, Governor Eduardo Braga of Amazonas State, home to the largest swath of Brazil's Amazon rainforest, was eager to discuss ways he is already working in his state, with U.S. and other companies, and with foreign governments to protect the forest in Amazonas State. He identified Unger as the lead federal official working on Amazon sustainable development matters. END COMMENT.)

-- Joint Response to the Financial Crisis. Unger lamented the current "shallow" approach to the financial crisis, which he said focused on two traditional items: (1) improving regulation of the financial markets; and (2) providing a Keynesian stimulus. He felt that President Obama would be open to a broader, more robust approach, though he worried that many of Obama's economic advisers were too traditional in their approach. He advocated broadening the response to the financial crisis by adding a focus in three areas: (1) addressing the international structural imbalance between savings and trade; (2) reshaping investment patterns so that more of savings goes toward long-term capital investments that will then contribute to growth rather than to short-term financial investments; and (3) linking the recovery efforts to a broader redistribution of wealth. (NOTE: Unger prepared a lengthy paper in December, which President Lula authorized him to send to the President-elect, that outlined his ideas for resolving the crisis. Embassy passed a copy of the paper to WHA/BSC. END NOTE.)

-- Education. Unger stated that both countries could work together on education, especially in the area of local management of national standards. (NOTE: He has repeatedly raised this idea with us. See

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REFTEL. END NOTE.)

-- Small and Medium-size Enterprises (SMEs). He wanted to see collaboration on how to foster and support SMEs. In light of the role these businesses will play in the economic recovery, helping these businesses is now even more critical. (NOTE: He has repeatedly raised this idea with us. See REFTEL. END NOTE.)

13. (SBU) Unger said attention needed to be paid to the process or mechanism that could bring all these disparate themes together. He also suggested that cooperation in these areas could be extended beyond a bilateral relationship to one for the Western Hemisphere. Although Unger said he does not put much stock in multilateral meetings like the April Summit of the Americas, he agreed that it could be useful in endorsing agreements reached through other means. Unger again mentioned the possibility of a trilateral presidential initiative with Mexico, and noted that he had just been in Colombia, where officials had agreed to a new effort to intensify cooperation along their common Amazon border.

14. (SBU) Unger said he had recommended to President Lula just last week that Brazil should take the initiative in engaging the new U.S. administration. He wants to go to Washington as soon as possible, either alone or with other officials, to meet with a broad segment of USG officials. In particular, he thought it important to have meetings well in advance of the Summit of Americas because he sees the possibility for new U.S.-Brazil initiatives to act as a "vanguard" for broader hemispheric projects.

15. (SBU) COMMENT. Unger's interest in moving quickly to strengthen and deepen the bilateral relationship is one we are hearing from other senior officials and seem to reflect Lula's own views. Unger has used his supposed ties to Obama transition team members to gain a prominent early role in shaping how the GOB approaches the new U.S. Administration. In his favor, Unger has concrete ideas on where the relationship could expand. However, he has stirred public controversy with many of his ministerial colleagues and has butted heads with the Foreign Minister and other senior GOB officials. Post will continue to discuss with Unger, as we are doing with other senior officials (SEPTTEL), the possible substance and timing of early visits in both directions. END COMMENT.

